NOTIFICATION.

(LAW DEPARTMENT).

No. LAW 103 LCA 62, dated Bangalore, 23rd October 1962.

Ordered that the Banking Companies (Amendment) Act, 1962 (36 of 1962), which has been published in the *Gazette of India*, Extraordinary, Part II, Section 1, dated the 17th September 1962, be republished in the *Mysore Gazette*, for general information.

By Order and in the name of the Governor of Mysore,

S. SRIPADARAJ,

26 *Under Secy. to Govt., L. D.*

Assented to on 16th September 1962] [Act No. 36 of 1962.

THE BANKING COMPANIES (AMENDMENT) ACT, 1962 (36 OF 1962).

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ACT

further to amend the Banking Companies Act, 1949.

BE it enacted by Parliament in the Thirteenth Year of the Republic of India as follows :—

1. Short title.—This Act may be called the Banking Companies (Amendment) Act, 1962.

2. Amendment of section 11.—In section 11 of the Banking Companies Act, 1949, (10 of 1949), (hereinafter referred to as the principal Act),—

(*i*) in sub-section (2), in clause (*b*), for the words beginning with "the banking company shall" and ending with "required by clause (*a*)", the following shall be substituted, namely :—

"the banking company shall deposit and keep deposited with the Reserve Bank either in cash

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or in the form of unencumbered approved securities, or partly in cash and partly in the form of such securities—

(*i*) an amount which shall not be less than the minimum required by clause (*a*); and

(*ii*) as soon as may be after the expiration of each calendar year, an amount calculated at twenty per cent of its profit for that year in respect of all business transacted through its branches in India, as disclosed in the profit and loss account prepared with reference to that year under section 29: ";

(*ii*) after sub-section (2), the following sub-section shall be inserted, namely:—

"(2A) Notwithstanding anything contained in sub-section (2), the Central Government may, on the recommendation of the Reserve Bank, and having regard to the adequacy of the amounts already deposited and kept deposited by a banking company under sub-section (2), in relation to its deposit liabilities in India, declare by order in writing that the provisions of sub-clause (*ii*) of clause (*b*) of sub-section (2) shall not apply to such banking company for such period as may be specified in the order.";

(*iii*) in sub-section (3), in clause (*ii*), the following proviso shall be inserted at the end, namely:—

"Provided further that in the case of every banking company to which this clause applies and which commences banking business for the first time after the commencement of the Banking Companies (Amendment) Act, 1962, the value of its paid-up capital shall not be less than five lakhs of rupees.".

3. Amendment of section 17.—In section 17 of the principal Act,—

(*i*) in sub-section (1), the words "unless the amount in such fund together with the amount in the share premium

account is not less than its paid-up capital," shall be omitted;

(*ii*) after sub-section (1), the following sub-section shall be inserted, namely:—

"(1A) Notwithstanding anything contained in sub-section (1), the Central Government may, on the recommendation of the Reserve Bank and having regard to the adequacy of the paid-up capital and reserves of a banking company in relation to its deposit liabilities, declare by order in writing that the provisions of sub-section (1) shall not apply to the banking company for such period as may be specified in the order:

Provided that no such order shall be made unless, at the time it is made, the amount in the reserve fund under sub-section (1), together with the amount in the share premium account is not less than the paid-up capital of the banking company.".

4. Amendment of section 18.—In section 18 of the principal Act, for the words "two per cent. of its tims liabilities in India and five per cent. of its demand liabilitiee in India,", the words "three per cent. of the total of its time and demand liabilities in India," shall be substituted.

5. Amendment of section 22.—In section 22 of the principal Act, in sub-section (3), in clause (*c*), after the words "a company incorporated outside India that", the words "the carrying on of banking business by such company in india will be in the public interest and that" shall be inserted.

6 .Amendment of section 24.—In section 24 of the principal Act, after sub-secti n (2), the following sub-section shall be inserted, namely:—

"(2A) (*a*) Notwithstanding anything contained in sub-section (1) or in sub-section (2), after the

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expiry of two years from the commencement of the Banking Companies (Amendment) Act, 1962,—

(*i*) a scheduled bank, in addition to the average daily balance which it is, or may be, required to maintain under section 42 of the Reserve Bank of India Act, 1934, (2 of 1934), and

(*ii*) every other banking company, in addition to the cash reserve which it is required to maintain under section 18, shall maintain in India in cash, gold or unencumbered approved securities, valued at a price not exceeding the current market price, an amount which shall not at the close of business on any day be less than 25 per cent. of the total of its demand and time liabilities in India ;

(*b*) in computing the amount for the purposes of clause (*a*).—

(*i*) the deposit required under sub-section (2) of section 11 to be made with the Reserve Bank by a banking company incorporated outside India, and

(*ii*) any cash or balances maintained in India by a banking company other than a scheduled bank with itself or in current account with the Reserve Bank or the State Bank of India or with any other bank which may be notified in this behalf by the Central Government, in excess of the aggregate of the cash or balance or both required to be maintained under section 18, and

(*iii*) any balances maintained by a scheduled bank with the Reserve Bank in excess of the balance required to be maintained by it under section 42 of the Reserve Bank of India Act, 1934, and any balances maintained by a scheduled bank with the State Bank of India or with

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any other bank which may be notified in this behalf by the Central Government,

shall be deemed to be cash maintained in India.".

7. Amendment of section 35B.—In section 35B of the principal Act, in sub-section (2), for the figures and word "268, 269, 310, 311 and 388", the figures, words and brackets "268 and 269, the proviso to sub-section (3) of section 309, sections 310 and 311, the proviso to section 387, and section 388" shall be substituted.

8. Amendment of section 51.—In section 51 of the principal Act,—

(*i*) after the figures "35", the figures and letter "35A" shall be inserted; and

(*ii*) the figures and letter "37, 44B" shall be omitted.

R. C. S. SARKAR,
Secy. to the Govt. of India.